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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

4 SEP 1992

IN REPLY REFER TO:

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Honorable Bob Graham  
United States Senator  
Post Office Box 3050  
Tallahassee, Florida 32315

Dear Senator Graham:

Thank you for your letter on behalf of Mr. Harry K. Singletary, Jr. of the Florida Department of Corrections in Tallahassee, Florida regarding the Commission's billed party preference proposal and requesting that correctional facilities be exempted from this proposal. Billed party preference is the term used to describe a proposal to change the way local telephone companies handle certain operator service calls.

Currently, if a caller places a "0+" operator services call (that is, the caller dials "0" and then a long-distance telephone number, without first dialing a carrier access code, such as 10-ATT), the call is carried by the operator services provider presubscribed to the telephone line from which the call originated. The presubscribed carrier for public payphones is chosen by the payphone owner or the owner of the premises on which the payphone is located. Operator service providers compete for payphone presubscription contracts by offering significant commissions to premises owners on long-distance traffic and then including those commission costs in their own rates to consumers.

In April 1992, the Commission adopted a Notice of Proposed Rulemaking to consider whether the current presubscription system should be replaced by a billed party preference methodology. Under billed party preference, all 0+ calls would be handled automatically by the carrier predesignated by the party paying for the call. For example, a credit card call would be handled by the carrier that issued the card. A collect call would be handled by the carrier presubscribed to the called line.

Because billed party preference would replace the current presubscription system for operator services calls, operator service providers would no longer be likely to pay significant commissions to premises owners for presubscription contracts. In addition, billed party preference could make operator services much more user friendly for the calling public. In particular, it would allow callers to place their operator services calls without dialing access codes, while ensuring that the party paying for each call -- as opposed to the payphone or premises owner -- would determine the operator service provider to carry it.

ROOM 222  
CC DOCKET  
92-77

4 SEP 1992

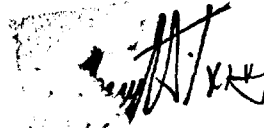
Honorable Bob Graham

2.

Because of these and other benefits that potentially could be offered by billed party preference, the Commission tentatively concluded in its Notice of Proposed Rulemaking that billed party preference is, in concept, in the public interest. At the same time, the Commission sought detailed information and comment on a comprehensive range of issues relating to this proposal.

The Commission has thus far received extensive comment on the billed-party preference proposal. Let me assure you that the Commission will carefully consider all of the ramifications of this important proposal before taking final action on it. We will incorporate your letter, including the letter from your constituent, in the record of this proceeding so that it may be accorded proper consideration by Commission staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl A. Tritt", is written over a circular official stamp. The stamp is mostly illegible but appears to contain the words "COMMON CARRIER" and "BUREAU".

Cheryl A. Tritt  
Chief, Common Carrier Bureau

**Bob Graham**  
Florida

**United States Senate**  
Washington, D.C.

CCB  
92-77  
2420

Date 8/19/92

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**Federal Communications Commission**  
**Office of Congressional Affairs**  
**Room 808, 1919 M Street**  
**Washington, D.C. 20554**

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AUG 25 1992  
LEGISLATIVE AFFAIRS  
CPRA 92009194

**Enclosed is a letter from one of my constituents who has concerns which come under the jurisdiction of your agency.**

**I would appreciate your reviewing this situation and providing me with an appropriate response. Please direct your reply to:**

**Sharon McLanahan**  
**Office of Senator Bob Graham**  
**Post Office Box 3050**  
**Tallahassee, FL 32315**

**904/422-6100**

**Your cooperation and assistance are appreciated.**

**With kind regards,**

**Sincerely,**



**United States Senator**

**Constituent's Name:**

*Harry K. Singletary, Jr.*



**FLORIDA  
DEPARTMENT of  
CORRECTIONS**

Governor  
**LAWTON CHILES**

Secretary  
**HARRY K. SINGLETARY, JR.**

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2601 Blainstone Road • Tallahassee, Florida 32399-2500 • (904) 488-5021

August 5, 1992

Honorable Alfred C. Sikes, Chairman  
Federal Communications Commission  
1919 M Street, Northwest  
Washington, DC 20554

**RE: CC DOCKET NO. 92-77; BILLED PARTY PREFERENCE**

Dear Chairman Sikes:

This is to request that correctional facilities be exempted from the FCC's proposal on "Billed Party Preference" (BPP) under CC Docket No. 92-77. The Florida Department of Corrections, the fourth largest correctional system in the United States, is responsible for the care and custody of approximately 47,000 inmates in its major institutions and another 4,000 in its community facilities. During a twelve month period, 89,000 inmates will move through the 47 major institutions which we manage.

Although several of our facilities had agreements with long distance providers, the department determined in 1988 that it should explore the feasibility of statewide inmate phone services which would provide this benefit to all of the inmates under our custody. After a competitive bid, the department entered into a contract to provide interlata and interstate phone services in the GTE and United Telephone areas. Since it was the department's first venture into contracting for long distance phone services, the scope of that initial contract was limited to specific areas rather than statewide. The department has since established two additional competitive contracts which cover the remainder of the state.

Our two primary considerations in providing this benefit to our inmates are that the system is reliable and that the rates charged recipients of inmate calls are reasonable. To accomplish these objectives, each of our contracts contains service performance requirements and each establishes AT&T time of day rates as the maximum rates which can be charged. All of our calls are 0+ (Collect) and we have a monitoring system in place to ensure that the "billed party" (those persons called by inmates in our facilities) are charged at reasonable rates. In fact, we are currently negotiating a contract with a third party accounting firm to perform a 100% audit of the 250 - 300,000 inmate calls placed each month to further ensure compliance with our rate ceiling.

Chairman Sikes  
August 5, 1992  
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An ancillary benefit to the taxpayers of the State of Florida is the revenue generated for the department from commissions paid by our three contractors. This revenue approximates \$5 million a year and is used exclusively for goods or services which directly benefit inmates and represents a substantial budget avoidance issue since those expenditures are not dependent on tax revenue.

As mentioned earlier, the generation of this commissions revenue is accomplished within the parameters of one of our primary considerations for the inmate phone system - maintaining reasonable rates. Obviously, "billed party preference" would result in termination of our revenue-generating contracts and the end of this major budget avoidance issue as no long distance provider would have an incentive to pay the department a commission for access to inmate calls.

The ability to select our own long distance providers allows us to require carriers to control the tremendous amount of fraud which would transpire if inmates, through their called parties or "billed" parties, had unrestricted access to live operators and various long distance carriers. We know of no way that "billed party preference" would allow us to restrict numbers which could be called by inmates with random access to long distance providers.

We do not oppose "billed party preference" for the general public; however, we do strongly oppose its application to the corrections environment. We understand that as defined by example in footnote 6 on page 3 of your Notice of Proposed Rulemaking, for CC Docket No. 92-77, prisons are included in the definition of aggregators. However, the actual language from the Communications Act quoted in this footnote suggests "public" or "transient" use of telephones for long distance calling. The prison environment to us is neither "public" nor "transient". There is a very strong need to control access to long distance providers in that environment.

We have enclosed a paper which outlines our position on "billed party preference" in correctional facilities and describes the impact to us if CC Docket 92-77 is adopted without an exemption for prisons.

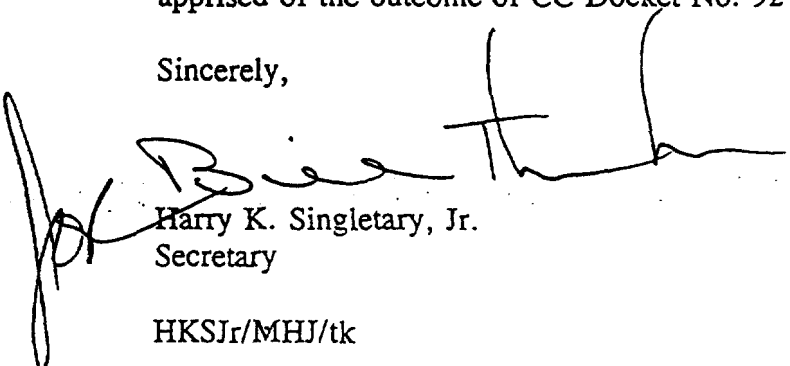
This information is provided in accordance with Paragraph 28 of your Notice in which you solicit comment on ".... the public interest ramifications ...." of adopting billed party preference. Our request for a rule exemption for

Chairman Sikes  
August 5, 1992  
Page Three

correctional facilities is also based on Paragraph 32 of your Notice in which you request comment on ".... any other factors that bear on the appropriate scope of a billed party preference system." We feel that "scope" should not include prisons.

We appreciate your consideration of our position and look forward to being apprised of the outcome of CC Docket No. 92-77.

Sincerely,



Harry K. Singletary, Jr.  
Secretary

HKSJr/MHJ/tk

Enclosure

cc: Honorable Bob Graham  
Honorable Connie Mack  
Honorable Pete Peterson  
Honorable Sherrie Marshall  
Honorable Andrew C. Barrett  
Honorable James H. Quello  
Honorable Ervin S. Duggan  
Mr. Gary Phillips

## POSITION PAPER

### FLORIDA DEPARTMENT OF CORRECTIONS CC DOCKET 92-77; BILLED PARTY PREFERENCE

Issue: CC Docket No. 92-77  
Billed Party Preference

Position: Oppose for correctional facilities

Reasons:

- o Excessive fraud will result if inmates or their called parties select long distance provider.
- o Loss of revenue which is used exclusively for the benefit of inmates (contract rates which result in revenue are capped at AT&T time and day rates).
- o Loss of services provided by contract providers:
  - automated operators
  - call duration limits
  - call detail reports
- o Substantial increase in operating costs (general revenue - tax dollars) to maintain phones for inmates.

Impact:

- o Loss of commission of approximately \$5,000,000 a year; this revenue is currently used for inmate welfare (libraries, chapels, canteen services, recreational equipment/facilities); for the past several years there has been a substantial shortfall in general revenue in Florida which would make this loss that much more severe.
- o Increased costs (from general revenue) to the Florida Department of Corrections:

Non-recurring costs	\$2,000,000 (instruments and related equipment)
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Recurring costs	\$550,000/year (line charges)
	\$100,000/year (replacement instruments)
	<u>\$775,000/year (maintenance)</u>

TOTAL	\$1,425,000/year
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